

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2768 – SB 2965

March 26, 2010

SUMMARY OF AMENDMENT (015510): Deletes all language of the original bill. Requires drivers convicted of driving under the influence (DUI) who had a blood alcohol content of 0.15 percent or higher, were accompanied by a person under 18 years of age, or involved in a traffic accident that is the result of the driver's intoxication to operate only a motor vehicle with an ignition interlock device (IID). Requires drivers convicted of DUI who violate the implied consent law and had a prior conviction of implied consent in the past five years, underage driving while impaired, open container law, or reckless driving reduced from a DUI charge to operate only a motor vehicle with an IID. Authorizes the court to permit a driver eligible for a restricted license to obtain an unrestricted license provided the driver has an IID installed at the driver's expense. Requires incarceration of any person required to have an IID installed who solicits another person to start a motor vehicle with an IID, any person who starts a motor vehicle for a person ordered to use an IID, any person who tampers with an IID, or any person who knowingly provides a motor vehicle to a person who is required to use an IID. Prohibits an IID provider from charging more than \$70 for installing one IID. Prohibits an IID provider from charging more than \$100 per month for leasing, purchasing, monitoring, removing, and maintaining an IID.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$303,600/Recurring/Interlock Assistance Fund
\$55,200/Recurring/Earmarked For Various State Accounts
\$49,500/Recurring/General Fund

Increase State Expenditures –

\$303,600/Recurring/Interlock Assistance Fund
\$55,200/Recurring/Various State Accounts
\$45,500/One-Time/General Fund

Increase Local Revenue – \$17,700/Recurring

Increase Local Expenditures – Not Significant/Recurring

Other Fiscal Impact – The Tennessee Hospital Association will be allocated \$55,200 per year for the sole purpose of making grants to hospitals designated as critical access hospitals under the Medicare Rural Flexibility Program.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue –

\$686,900/Recurring/Interlock Assistance Fund

\$124,800/Recurring/Earmarked For Various State Accounts

\$112,000 /Recurring/General Fund

Increase State Expenditures –

\$484,600/Recurring/Interlock Assistance Fund

\$124,800/Recurring/Earmarked For Various State Accounts

\$45,500/One-Time/General Fund

Increase Local Revenue – \$40,000/Recurring

Increase Local Expenditures – Not Significant/Recurring

Other Fiscal Impact – The Tennessee Hospital Association will be allocated \$124,900 per year for the sole purpose of making grants to hospitals designated as critical access hospitals under the Medicare Rural Flexibility Program. In the fifth and subsequent years after this amendment takes effect an amount exceeding \$120,000 of the surplus will be allocated to the Tennessee Hospital Association, an amount exceeding \$40,000 to the Department of Mental Health and Developmental Disabilities, and an amount exceeding \$40,000 to the Department of Finance and Administration.

Assumptions applied to amendment:

- According to the Department of Safety, a total of 3,877 restricted driver licenses were issued to individuals with DUI convictions in 2008. Of those, 1,163 restricted driver licenses were issued to individuals convicted of DUI while having a BAC of 0.15 percent or higher.
- An additional 660 drivers will be required to have an interlock device under the provisions of this bill.
- Twenty percent or 365 of these drivers will be declared indigent.
- According to the Department of Finance and Administration, as of January 2010, 2,743 Tennessee driver license holders had an interlock restriction; 580 license holders had an IID installed. It is assumed that 50 percent or 290 of these license holders would also fall under the provisions of this bill requiring an IID for up to one year. The remaining 290 would be required to have a functioning IID installed for six months. Of these 290, it is estimated that 10 percent (29) will be unable to pay the additional costs under this bill and will be declared indigent. This will result in 261 additional non-indigent offenders.
- The total number of non-indigent offenders required to have an IID installed is estimated to be approximately 1,719 (1,163 + 660 + 261 – 365).
- It is estimated that approximately five percent or 86 of non-indigent offenders will decline to comply with the provisions of having a restricted license and interlock device.

This will result in a total of 1,633 non-indigent offenders complying with the requirements of this bill.

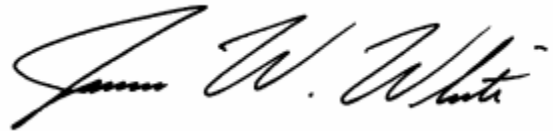
- The Department of Safety estimates that an additional 25 percent or 969 ($25\% \times 3,877$) of restricted driver license holders convicted of DUI will opt-in to operating a motor vehicle with an IID to avoid having a restricted driver license.
- The total number of non-indigent offenders will be approximately 2,602.
- Twenty-two dollars of the \$30 monthly fee will be allocated to the Interlock Assistance Fund. The total amount available for assisting indigent offenders is estimated to be approximately \$686,900 ($\$22 \times 12 \text{ months} \times 2,602$).
- The number of indigent offenders is estimated to be 394 ($365 + 29$). The average cost of installing and maintaining an interlock device is approximately \$1,230. The total cost to cover all indigent offenders is estimated to be \$484,600. This will result in a surplus in the Interlock Assistance Fund of up to \$202,300 each year.
- It will take at least four years for there to be a surplus as defined in the amendment. It is estimated the surplus in the fifth and subsequent years will exceed \$200,000. In the fifth and subsequent years after this amendment takes effect, 60 percent (exceeds \$120,000) of the surplus will be allocated to the Tennessee Hospital Association, 20 percent (exceeds \$40,000) to the Department of Mental Health and Developmental Disabilities, and 20 percent (exceeds \$40,000) to the Department of Finance and Administration.
- One dollar of the \$30 monthly fee is allocated to the Department of Safety to offset the increased expenditures to administer specified provisions of this bill. A total of \$31,200 will be allocated to the Department annually ($2,602 \times \$1 \times 12 \text{ months}$).
- One dollar of the \$30 monthly fee will be allocated to the Board of Probation and Parole (BOPP) for the purpose of funding grant awards to department-certified halfway houses whose primary focus is to assist drug and alcohol offenders. The total amount allocated to BOPP will be approximately \$31,200. This will result in an increase in expenditures of \$31,200 ($2,602 \times \$1 \times 12 \text{ months}$).
- One dollar of the \$30 monthly fee will be allocated to the Department of Finance and Administration (F&A) resulting in a total allocation of approximately \$31,200 ($2,602 \times \$1 \times 12 \text{ months}$). Increased expenditures of \$31,200 to F&A will result from additional grants being issued in the amount equal to increased revenue from allocations of the \$30 fee created in this bill.
- One dollar of the \$30 monthly fee will be allocated to the Department of Mental Health and Development Disabilities. This will result in a total allocation of \$31,200 ($2,602 \times \$1 \times 12 \text{ months}$) to the Alcohol and Drug Addiction Treatment Fund (ADAT fund). According to the Department, the ADAT fund already has insufficient funding to sustain existing programs. The \$31,200 will be used to sustain existing programs.
- Four dollars of the \$30 monthly fee is allocated to the Tennessee Hospital Association for the purpose of making grants to hospitals that have been designated as critical access hospitals under the Medicare Rural Flexibility program. This will result in an increase in state expenditures equal to the amount allocated to the Tennessee Hospital Association. The increase in state expenditures from the allocation of these funds will result in an increased expenditure of \$124,900 ($2,602 \times \$4 \times 12 \text{ months}$).
- An increase in recurring state revenues of approximately \$112,000 due to an increase in sales and use tax collections on purchases of ignition interlock devices. It is estimated that there will be taxable sales of \$3,200,460. Approximately half of this amount is

estimated to be sales that would have occurred in the absence of this bill. This results in an increase in taxable sales of approximately \$1,600,200. This will result in state sales and use tax collections of \$112,000 ($\$1,600,200 \times 7\%$ tax rate).

- An increase in local government revenue of approximately \$40,000 derived from an average local option sales tax rate of 2.5 percent ($\$1,600,200 \times 2.5\%$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive, flowing style.

James W. White, Executive Director

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